

**GRANGER SCHOOL DISTRICT NO. 204**  
**Yakima County, Washington**  
**September 1, 1991 Through August 31, 1992**

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**Schedule Of Findings**

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1. District Payroll Charges Should Comply With Federal Regulations

Granger School District No. 204 charged employee salary costs to federal programs, according to approved budget and personnel assignments, instead of actual time records.

This is a continuation of the finding from the prior audit period. Although the district has now implemented proper time and effort reporting methods, the correct methods were not implemented until late in the audit year.

The United States Office of Management and Budget (OMB) Circular A-87 requires a system that documents and charges actual salary costs to federal programs. That system is to be used as the basis for time charged, in whole or in part, directly to federal awards.

. . . Payrolls must be supported by time and attendance or equivalent records for individual employees. Salaries and wages of employees chargeable to more than one grant program or other cost objective will be supported by appropriate time distribution records . . .

The district maintained adequate time and effort records to provide a basis for direct payroll charges to federal programs but did not adjust its accounting records to reflect actual time and effort. However, the results of our testing of transactions and records selected did not indicate that unallowable expenditures were charged to federal programs. Therefore, we found no basis to question costs charged to federal programs.

We recommend the district continue the recently implemented program to monitor actual time and effort records.